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SUBJECT: AA ASKED TO HEAD NEW US-VENEZUELA BUSINESS GROUP

REF: CARACAS 1325

Classified By: Economic Counselor Darnall Steuart for reasons 1.4 (b) and (d).

11. (C) SUMMARY: American Airlines Senior Vice President for Latin American Peter Dolara informed the Ambassador that he had been approached by the Venezuelan Ambassador to the U.S. concerning a proposal to help form a new bilateral business organization to promote a positive image of Venezuela.

During a brief visit to Venezuela, Dolara met with the Central Bank to discuss dollar payments the airline is owed. Dolara expressed AA's continued optimism concerning the Venezuelan market including its hope that it will eventually receive permission to fly new frequencies.

NEW BILATERAL BUSINESS GROUP

12. (C) In a meeting with the Ambassador on October 14, Peter Dolara (protect), Senior VP for Latin America at American Airlines (AA), informed the Ambassador that he had recently been contacted by Venezuelan Ambassador to the U.S. Bernardo Alvarez with a proposal to help form an "Amigos de Venezuela" group in the United States. Alvarez proposed that American Airlines head and form this group with other companies doing business in Venezuela which could promote a positive image of the country. Dolara said that such a group could be formed at the earliest in January 2010. Dolara mentioned that Alvarez's tone and demeanor had changed dramatically from their previous meeting, prior to Alvarez's expulsion from the U.S., in which Alvarez displayed more hostility towards the United States. Rene Arreaza, long time interlocutor with the Embassy on behalf of the Government of the Bolivarian Republic of Venezuela (GBRV), subsequently mentioned the proposal to form such a group to the Ambassador at a function the night of October 15.

OTHER ISSUES FOR AMERICAN

13. (C) Dolara spoke of an October 13 meeting he had with Jose Luis Sanchez of the Venezuelan Central Bank to discuss outstanding dollar payments to AA. Dolara identified Sanchez as the second highest ranking official at the Bank. (Note: Although Dolara did not cite a dollar figure, the International Air Transport Association (IATA) recently informed the Embassy that AA is owed approximately \$154 million by Cadivi, Venezuela's currency control board. End Note) According to Dolara, Sanchez recommended that AA write a letter to Venezuelan Central Bank President Merentes

detailing how much money American is owed; that letter has already been sent. Dolara underlined that the company is "cautiously optimistic" that this will help it receive payments quicker. (NOTE: Central Bank Governor Merentes recently met with IATA and pledged his assistance to expedite payments to the airline industry. This pledge has not yet been acted on. END NOTE)

14. (C) American currently has five daily flights to Miami (four from Caracas and one out of Maracaibo), two weekly flights from Caracas to New York, and one weekly flight from Caracas to Dallas. American claims to remain optimistic about the Venezuelan market and would like to expand. Dolara noted to EconCouns following his meeting with the Ambassador that the company continues to hope that it will receive permission from the Venezuelan government for more flight frequencies between Venezuela and the United States, specifically a flight out of Valencia into Miami and an increase in the number of flights to JFK to five times a week.

DUDDY